

CURRENT REPORTS

March 15, 1982

1. IRAQ: TRANSFER OF US-CONTROLLED MILITARY EQUIPMENT

In return for the establishment of full diplomatic relations with the US, Chief of USINT Baghdad Eagleton proposes the US consider allowing some third-country transfers of US-licensed military equipment to Iraq. Eagleton suggests this "limited variance" in US policy in response to King Hussein's March 9 request that the US reassess its long-term relationship with Iraq, and attempt to draw Iraq into the moderate, Western-oriented Arab camp.

Embassy Amman believes the proposal would:

- alleviate Iraqi pressure on Jordan for help in obtaining US arms and divert Hussein from other more dangerous types of support for Iraq;
- facilitate US dealings with the Jordanian government and military by removing a major irritant; and
- signal to Jordan and the moderate Arabs that the US shares their concern to wean Iraq away from the Soviets and the radical Arabs.

USINT Baghdad Comment: We have been comfortable with the firm US policy of neutrality and refusal to approve the transfer of controlled military items to Iraq and Iran, but King Hussein may be right in arguing that this is the time for a new look at US-Iraqi relations. The likely Iraqi refusal of such a proposal would put the responsibility of denying themselves necessary equipment squarely on their own shoulders.

Embassy Amman Comment: The proposal offers the possibility of reviewing what might be salvaged out of the Iraq-Iran debacle, and we suggest the hour is ripe for just such an assessment.  
(SECRET/EXDIS)

*State / INR re US-Iraqi relations.*

State Dept. review completed